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*British and Canadian food regulation. Statutes and orders in council relative to food regulation in Great Britain, Canada, and Newfoundland.* Senate document no. 47, 65 Cong., 1 Sess. (Washington: Supt. Docs. 1917. Pp. 35.)

*Department stores of Philadelphia.* (Philadelphia: Chamber of Commerce. 1917. Pp. 11.)

### Accounting, Business Methods, Investments, and the Exchanges

*Business Finance. A Practical Study of Financial Management in Private Business Concerns.* By WILLIAM H. LOUGH. (New York: The Ronald Press Company. 1917. Pp. xiv, 631. \$3.00.)

The book represents an important study of modern financial practice, especially with reference to medium sized industrial corporations. More than the majority of books on corporation finance heretofore published, it seeks to discover what might be called a financial "ought," which differentiates between good and bad financial policies. This is a distinct advance over the point of view which merely describes, with more or less appropriate illustrations, conditions of the past. Every one knows the fundamental difficulty which brought about the receiverships of the Atchison or the Westinghouse companies. These are stock illustrations. But Lough's insistence that the private corporation should prepare a budget is, in the reviewer's opinion, a new and important contribution.

The book is divided into five parts. The first covers general and well known characteristics of corporations in contradistinction to other forms of enterprise; the second describes the media through which the corporation may secure capital; and the third the practical problems of securing it. Of these three parts the concluding chapter of the second (ch. 8) entitled Basis of Capitalization is the most constructive and worth while. Especially important in the haze of present-day attempts to establish a sound basis for public regulation of corporate income is Lough's insistence that earning power, not original investment, is the most rational basis of capitalization. In accordance with this theory one would wish that he had devoted more than a paragraph to the important recent changes in New York and other state laws permitting the issue of stock without par value.

The fourth section entitled Internal Financial Management is the most illuminating in the book. While by no means all accountants would agree with those paragraphs expounding one or another of the various moot problems, still the discussions are all thoroughly sound, albeit savoring more of business expediency than the strict logic of accountancy. The two closing chapters, entitled Budgets and Financial Standards, are particularly suggestive. The subjects treated in the latter have wide economic significance, but the generalizations are somewhat superficial and backed by insufficient empirical evidence. The fifth part, entitled Financial Abuses and Involvements, is distinctly patchwork. It shows the marks of hasty preparation and is the least satisfactory section in the book.

Numerous inaccuracies annoy the careful reader. For illustration, Lough speaks of the "reorganization of the Erie Railroad in 1895" (p. 142) and one is surprised to hear that there was issued at the time "Erie Railroad first consolidated mortgage 7's 1920." The proof reading was not always careful; for illustration, 1889 should read 1899 (p. 171). These are small matters, but scientific accuracy of detail is very important in financial writings of lasting value. As a whole, the book shows a wide familiarity with current financial discussion and, above all, great sanity and good judgment. Teachers of corporation finance will find in it a very satisfactory text. From the pedagogical point of view it strikes the happy medium between unjustified generalities and a hopeless maze of detail.

ARTHUR S. DEWING.

*The Exchanges and Speculation.* By ALBERT W. ATWOOD. Modern Business, Vol. 20. (New York: Alexander Hamilton Institute. 1917. Pp. vi, 334.)

*Investment.* By EDWARD D. JONES. *Ibid.*, Vol. 23. (Pp. xvi, 352.)

*Corporation Finance.* By WILLIAM H. WALKER with the collaboration of FRED W. FIELD. *Ibid.*, Vol. 11. (Pp. xv, 346.)

These little handbooks are parts of a series of explanatory texts, prepared for busy business men who want to enlarge their outlook on the problems of our modern industrial world. That they may meet the ends in view each book should cover its topic broadly and simply; although completeness could not be attained, nevertheless the authors should show their familiarity with the